

**31A-9-209. Initial surplus requirements.**

(1) (a) The requirements of Subsections 31A-5-211(1) through (4) apply to fraternal with respect to the amount of permanent surplus required of the fraternal.

(b) For purposes of Subsection (1)(a):

(i) wherever the word "mutual" appears in Subsections 31A-5-211(1) through (4), it means "fraternal;" and

(ii) the reference to "Section 31A-5-212" in Subsection 31A-5-211(1) means "Section 31A-9-210."

(2) (a) Every fraternal shall include in its laws a provision that if the financial position of the fraternal becomes impaired, the board of directors or the supreme governing body may determine on an equitable basis the proportionate share of the deficiency of each member of the fraternal.

(b) The member may then:

(i) pay the member's share of the deficiency;

(ii) accept the imposition of a lien on the certificate of insurance, to bear interest at the rate charged on policy loans under the certificate, compounded annually until paid; or

(iii) accept a proportionate reduction in benefits under the certificate.

(c) The fraternal may specify the manner of the election and which alternative is to be presumed if no election is made.

(3) Except as provided in Subsection (2), no fraternal may operate on an assessment basis.

Amended by Chapter 9, 1996 Special Session 2